



Department of Justice

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DAYTON ATTORNEY PLEADS GUILTY TO TAX CRIME

DAYTON - Deborah C. Schram, age 55, of Bellbrook, Ohio pleaded guilty in United States District Court here today to one count of willful failure to pay over employment taxes, and one count of willful failure to file an income tax return. She faces a maximum punishment of five years imprisonment and a fine of up to \$250,000 on the first count, and up to one year imprisonment and a fine of \$100,000 on the second count, together with the costs of prosecution.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, and Cromwell A. Handy, Special Agent in Charge, Internal Revenue Service Criminal Investigation, announced the plea entered today before Senior United States District Judge Walter H. Rice.

According to a statement of facts filed with her plea, Schram has operated a law practice in Dayton since the 1980s. During the second quarter of 2002, ending June 30, 2002, Schram employed at least five persons, whom Schram paid at least \$19,981 in total wages.

"By virtue of her payment of these wages, Schram was required by law to collect at least \$8,451.97 in total federal income and Federal Insurance Contributions Act ("FICA") taxes from these five employees and pay over the taxes to the IRS," Lockhart said. "Having been an experienced, practicing attorney and employer, Schram knew of her obligations."

Schram admitted that she willfully failed to deduct these employment taxes from her employees' wages, file with the IRS, or otherwise collect, truthfully account for and pay over to the IRS the taxes for the second quarter of 2002.

Schram also pled guilty to willfully failing to file an income tax return for 1999 when she earned \$250,485 in gross income from her law practice.

"The amount of restitution for Schram's personal income tax liability for the tax years 1998 to 2001, inclusive, is estimated to be \$84,870, not including any interest or penalties," Handy said. "The amount of restitution for Schram's employment tax liability for 1999 to 2002, inclusive, is estimated to be \$109,688, not including any interest or penalties, but those amounts could change based on facts that come to the attention of the IRS or the court prior to sentencing."

The plea agreement calls for Schram to file complete and accurate income and employment tax returns for all quarters and years in question prior to sentencing. She will also be required to pay all back taxes, interest and penalties due. Judge Rice will set a date for sentencing.

Lockhart commended the efforts of Assistant U.S. Attorney Vipal Patel, who is prosecuting the case, and the IRS agents who investigated the case, including Special Agent Mary Thurston.

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